

Rural Utilities Service, USDA

§ 1737.3

Act bearing interest at a rate of 5 percent per year.

Initial loan means the first loan made to a borrower.

Interim construction means the purchase of equipment or the conduct of construction under an RUS-approved plan of interim financing.

Interim financing means funding for a project which RUS has acknowledged will be included in a loan, should said loan be approved, but for which RUS loan funds have not yet been made available.

Loan means any loan made or guaranteed by RUS.

Project means the improvements and telephone facilities financed by a particular RUS loan.

RE Act means the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 et seq.).

RUS cost-of-money loan means a loan made under section 305(d)(2) of the RE Act bearing an interest rate as determined under 7 CFR 1735.31(c). RUS cost-of-money loans are made concurrently with RTB loans.

Release of funds means determination by RUS that a borrower has complied with all of the conditions prerequisite to the advances as set forth in the loan contract to the extent deemed necessary by RUS for approval of the use of loan funds and any required equity or other nonloan funds.

Reserves means loan or nonloan funds that have not been encumbered. Funds are encumbered when they have been set aside for by RUS for a particular loan purpose.

RTB loan means a loan made by the Rural Telephone Bank (RTB) under section 408 of the RE Act bearing an interest rate as determined under 7 CFR 1610.10. RTB loans are made concurrently with RUS cost-of-money loans.

Rural area means any area of the United States, its territories and possessions (including any area within the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau) not included within the boundaries of any incorporated or unincorporated city, village or borough having a population exceeding 5,000 inhabitants. The population figure is obtained from the most recent data available, such as from the Bu-

reau of the Census and Rand McNally and Company. For purposes of the "rural area" definition, the character of an area is determined as of a time the initial loan for the system is made.

Special project means facilities involving investment in excess of \$100,000 for any single subscriber.

Subscriber means the same as access line.

Subsequent Loan means any loan to a borrower which has already received a loan.

Telephone service means any communication service for the transmission or reception of voice, data, sounds, signals, pictures, writing, or signs of all kinds by wire, fiber, radio, light, or other visual or electromagnetic means and includes all telephone lines, facilities and systems to render such service. It does not mean:

- (1) Message telegram service;
- (2) Community antenna television system services or facilities other than those intended exclusively for educational purposes; or
- (3) Radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended.

Times Interest Earned Ratio (TIER) means the ratio of a borrower's net income (after taxes) plus interest expense, all divided by interest expense. For the purpose of this calculation, all amounts will be annual figures and interest expense will include only interest on debt with a maturity greater than one year.

[54 FR 13356, Apr. 3, 1989. Redesignated at 55 FR 39396, Sept. 27, 1990, as amended at 56 FR 26598, June 10, 1991; 58 FR 66256, Dec. 20, 1993]

§ 1737.3 Availability of RUS forms.

Single copies of RUS forms and publications cited in this part are available from Administrative Services Division, Rural Utilities Service, United States Department of Agriculture, Washington, DC 20250. These RUS forms and publications may be reproduced. The terms "RUS form", "RUS standard form", and "RUS specification" have the same meanings as the terms "REA form" "REA standard form", and

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“REA specification”, respectively, unless otherwise indicated.

[54 FR 13356, Apr. 3, 1989. Redesignated at 55 FR 39396, Sept. 27, 1990, and amended at 59 FR 66441, Dec. 27, 1994]

§§ 1737.4—1737.9 [Reserved]

Subpart B—Preapplication Stage

§ 1737.10 Initial contact.

Initial loan applicants seeking assistance should write the Rural Utilities Service, United States Department of Agriculture, Washington, DC 20250. A field representative will be assigned by RUS to visit the applicant and discuss its financial needs and eligibility. Existing borrowers initiate the contact directly with their assigned field representative. Borrowers consult with RUS field representatives and headquarters staff, as necessary.

§ 1737.11 Preapplication determinations.

Before submitting an application to RUS, the borrower should consider the following:

(a) *Area to be served.* The proposed service area should neither include subscribers already receiving adequate service from another telephone system nor leave out unserved pockets of potential subscribers who have indicated an interest in service and are located between the proposed system and neighboring systems. See 7 CFR 1735.11 on Area Coverage and 7 CFR 1735.12 on Nonduplication. In establishing service area boundaries, borrowers should consider the location of adjoining systems, natural boundaries such as rivers and mountains, and economic and cultural features such as trading and community centers.

(b) *Number of subscribers.* The borrower must estimate the number of subscribers that will request service from the proposed system.

(c) *Acquisitions.* A borrower considering an acquisition should refer to 7 CFR 1735.20 and RUS Bulletins 320-4, 321-2, 325-1, and 326-1.

(d) *Mergers and consolidations.* A borrower considering a merger or consolidation should refer to 7 CFR 1735.19.

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(e) *Refinancing.* Restrictions on the use of loan funds for refinancing are contained in 7 CFR 1735.21.

(f) *Service for nonrural subscribers.* In some situations, RUS loan funds may be used to finance facilities to serve nonrural subscribers. See 7 CFR 1735.13.

(g) *Loan amount.* The initial loan request is based on the borrower's best estimate of financing needs. RUS requires detailed studies by the borrower to complete the application and the initial estimate is subject to revision.

(h) *Loans for a portion of a system.* If it is impractical to finance facilities to provide adequate service throughout the borrower's entire telephone service area, RUS will consider a loan application to finance improvements to a portion of a borrower's system.

(i) *Telecommunications modernization plan.* A borrower applying for hardship or concurrent RUS cost-of-money and RTB loans should refer to 7 CFR part 1751, subpart B.

[54 FR 14626, Apr. 12, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990, as amended at 58 FR 66256, Dec. 20, 1993]

§§ 1737.12—1737.19 [Reserved]

Subpart C—The Loan Application

§ 1737.20 [Reserved]

§ 1737.21 The completed loan application.

(a) The completed loan application consists of four parts:

- (1) A completed RUS Form 490.
- (2) A market survey called the Area Coverage Survey (ACS).
- (3) The plan and associated costs for the proposed construction, called the Loan Design (LD).

(4) Various supplementary information specified in 7 CFR 1737.22.

(b) The RUS field representative assists the borrower in assembling this information. Certain information is required from initial loan applicants but usually not from borrowers seeking subsequent loans. Borrowers are to submit all information in paragraph (a) of this section to their RUS field representatives, who will review and then forward the packages to RUS headquarters.